

NONPROFITS, GOVERNMENT, & THE NEW WAR ON POVERTY:

Beating the Odds in a Global Economy

Written by: Daniella Levine,
Founder and Executive Director
Human Services Coalition





HUMAN SERVICES COALITION

Founded in 1995, the Human Services Coalition (HSC) works to empower individuals and communities to create a more just society by promoting civic engagement, economic fairness, and access to health and human services. At the heart of these efforts is a belief that individuals, families, and communities will be strengthened through increased public awareness and civic involvement in improving systems of care.

HSC is a membership-based coalition composed of over 8,800 community groups, faith-based organizations, policymakers, businesses and individuals. Join HSC and help us advocate on health, human service and social justice issues in Miami-Dade County, Florida and beyond.

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Human Services Coalition
260 NE 17th Terrace, Suite 200
Miami, FL 33132
Phone: 305-576-5001
www.hscdade.org

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NONPROFITS, GOVERNMENT, & THE NEW WAR ON POVERTY: *Beating the Odds in a Global Economy*

Usage [of food stamps] in Miami rose slowly but steadily in the past five years – to 68 percent from 50 percent in 2000, the [Food Research and Action Center in Washington D.C] report says. The increase is largely the result of a ‘prosperity campaign’ to persuade low-income workers to apply at one time for an assortment of social-service benefits, including food stamps. The campaign started four years ago. Daniella Levine, executive director of the Human Services Coalition, said applicants were more receptive to receiving the food subsidy when they applied for other benefits such as Medicaid or childcare. ‘Food stamps are unpopular and they think it’s negative and they won’t apply,’ Levine said. ‘When you bundle it with other benefits they take advantage.’ As part of the prosperity campaign, Coalition workers hit the streets, presenting information about available services to churches, health clinics and community centers from Homestead to Hialeah.

September 29, 2005 article from *The Miami Herald*

I. Introduction

If we are to answer the question, what is the role of the nonprofit human service sector in addressing poverty in Florida, we need first to define our terms and our assumptions. What is the nonprofit human service sector? What is poverty? How does the sector interface with government in addressing poverty? What is the appropriate role for each? This paper will explore these questions and also provide information on best practices in the nonprofit human service sector that we might either import to Florida, or that already exist in our state and need additional support to achieve their maximum impact. Finally, I will propose a new partnership between government and the nonprofit sector that can help

restore faith in government and reinvigorate our civil society. In a post-Hurricane Katrina world, these issues have taken on new relevance and urgency. Leadership in the Florida Legislature can pave the way for implementation of model approaches that will position our state ahead of the national curve. Florida can build a reputation not just for sunshine, low taxes and, sadly, hurricanes, but for strong communities, responsive government and effective nonprofits as well.

A key assumption underlying the solutions outlined below is that the best anti-poverty strategies are those that empower individuals to advance themselves through self-improvement and hard work. The best practices outlined in this paper support the notion that we can help people to move up the ladder of economic opportunity, and in turn, pass on opportunity to their children. Three common sense values, widely shared since the founding of our Republic, shape these strategies: work should be rewarded; self-improvement should be possible; thrift and planning should be encouraged.¹ Thus, the dignity of productive labor, allowing each individual to function at his/her highest potential, is good for human development, the economy and our democracy. While working to maximize human potential, we also must provide an effective, efficient and humane safety net for those unable to provide for their basic

II. What is the Nonprofit Human Service Sector?

The nonprofit sector is an innovative American approach to address a host of human, social, cultural, educational and economic needs. It is regulated by the Internal Revenue Service, which assures that all organizations chartered as “nonprofit”, those not structured to make a profit, will meet basic charitable purposes. In return, the organizations may receive tax-deductible charitable donations; and the earnings of the nonprofit, if modest, will be tax-exempt. The nonprofit sector has flourished thanks to American ingenuity, donor generosity, and increasing reliance of government upon the sector to perform governmental functions.

Human service nonprofits range from small, community based groups that are in close alignment with community residents, to large social service businesses with multiple branches and national affiliations. They may be faith-based or affiliated

¹ David Callahan and others, *Millions to the Middle: Three Strategies to Expand the Middle Class* [pdf available online] (accessed October 28,2005); available from http://www.demos.org/pubs/millions_web.pdf; Internet.

with other institutions including schools or unions. They may focus on neighborhood engagement and organizing or public policy advocacy. They range from larger organizations with established track records, legacy for public service, and wise stewardship of charitable and governmental dollars, to fledgling neighborhood-based groups without management infrastructure or experience.

At its best, the nonprofit sector provides key human services, pays special attention to the less fortunate in society, strengthens community and democracy, and serves as a vehicle for charitable impulses.² Just when society's need for the sector's services is increasing, a number of factors now converge to create major challenges to the sector: increased commercialization, over reliance upon shrinking governmental dollars, loss of contact and commitment to community with increased focus on centralization and efficiency, reduced incentive for charitable giving and increased for-profit privatization of services.

The sector has an increasingly important role to play in an era of globalization with its resulting loss of skilled employment opportunities; increase in the lower paid service sector, diminution in workplace benefits, and need for increased innovation to maintain competitiveness in a global market. As these stressors are increasingly felt in our country and state, the nonprofit sector can become a community-based cohesive force to hold the diverse interests of our nation together. Ways in which the nonprofit sector can serve as the bulwark for a rapidly changing American society and economy will be described further below in the section on Best Practices.

This article will focus on the human service component of the nonprofit sector, although the arts, education, environment, healthcare and economic development nonprofit systems also play key roles in society and contribute to the way in which we address poverty and issues of social disparity.

III. What is Poverty?

Defining poverty is not a simple task. The official federal poverty guidelines (Federal Poverty Level or "FPL") were first developed in 1963, based upon an estimate of family expenses, assuming that food costs roughly 1/3 of a family's budget. This assumption does not take into account the skyrocketing cost of

² Aspen Institute, *Competing Visions: The Nonprofit Sector in the 21st Century* (Aspen Institute, 1995).

housing, which has resulted in an increasing percentage of families spending more than 30% of their income on housing, nor does it modify the costs based upon unique family circumstances and composition. The FPL also does not take into account the costs associated with going to work, as fewer households have a stay at home caregiver. Perhaps most significantly, there is no variation in the calculation based upon geography, or the variations in cost of living from place to place. Thus, a family of four is considered “poor” if income is less than \$19,350.³ Few of us reading this article would be able to contemplate living on such a low income.

Other attempts at defining poverty include considerations of actual costs for food, housing and other expenses in a specific geographic location. The “self sufficiency standard”, for a family of four in Miami Dade County, Florida, is more than twice might well be double or triple the FPL amount at approximately \$45,000.⁴ The purpose of the “self sufficiency standard” is to determine when a family becomes truly economically self sufficient, creating a more meaningful benchmark for success. This measure also allows government to better calculate the level of subsidy needed to assure that basic needs are met. Thus, economic benefits can be calculated based upon self-sufficiency goals for a family. Subsidies and supports for child care, transportation, housing assistance and other benefits could be calculated to phase out as families approach their self sufficiency wage, rather than ending abruptly at certain cut off points, known as “cliffs,” which eliminate the incentive to increase earnings. As earned income increases, the level of government economic benefits can decrease, marking the achievement of true economic self-sufficiency.

Many families benefit from some form of government subsidy, greatly improving their ability to make ends meet, e.g. Earned Income Tax Credit (the largest and most successful anti-poverty program in the nation),⁵ Food Stamps, Medicaid and SCHIP (State Child Health Insurance Program, which is “KidCare”

³ National Center for Children in Poverty, *Who are America's Poor Children?*, [pdf available online] (accessed December 30, 2005); available from http://www.nccp.org/media/cpt05b_text.pdf, Internet.

⁴ Florida Self Sufficiency Standard available online at www.hscdade.org and www.wowonline.org. The standard was adopted as the official poverty measure by the South Florida Regional Work force Board. The report provides profiles for multiple family types with figures calculated for each county in Florida.

⁵ The Earned Income Tax Credit (EITC) reduces tax burdens and supplements wages (up to \$4300) for working families with children earning up to approximately \$37,000, and for some childless workers at a much more limited benefit level. EITC has increased the number of single mothers who go to work, reducing the burden on welfare systems. EITC has lifted more out of poverty than any other program. In 2002, 4.9 million, including 2.7 million children, moved beyond the official poverty thresholds, as a result of receiving EITC.

in Florida), subsidized childcare, and Section Eight—the federally subsidized rental program.⁶ However, many others are not eligible for these programs, and if they are, the amounts received do not sufficiently compensate for low wages to provide adequately for basic family needs. In addition, thousands of those eligible do not know about the programs or assume they are not eligible, or in many cases do not choose to apply for fear of reprisal, stigma or aversion to dealing with the public eligibility system.⁷ Human service programs that bridge these gaps and help connect low wage families to economic benefits are described below in the section on Best Practices.

Despite their participation in the labor market, increasing numbers of Americans cannot or can barely make ends meet. Calculations done by the Economic Policy Institute, for example, using “basic family budgets” that take into account realistic expenses for different family types by region, demonstrate that as many as 42% of those living in cities, and 30% of those in rural areas, fall short of basic family budget thresholds.⁸

The numbers living at the official poverty level have also steadily increased over the past few years. In calendar year 2001, the official poverty rate rose for the first time in five years to 11.7 percent from 11.3 percent in 2000. In 2003 it rose again to 12.5 percent, or 35.8 million people. This is the first time, since such measures have been kept, that poverty rates have increased during a period of overall national economic recovery. The national poverty rates mask the much higher rate found in some cities and rural areas. The City of Miami, for example, was the poorest of large cities over 100,000 in the 2000 U.S. Census.⁹ By 2004 Miami was still the third poorest city, with a poverty rate of 29%.¹⁰

⁶ Florida’s average number of people living below federal poverty guidelines in 2001-2003 was reduced 50% thanks to receipt of economic benefits (from 3.7 million to 1.8 million). Center for Budget and Policy Priorities, August 17, 2005.

⁷ Food Stamps, for example, reaches only 56% of those eligible nationwide. Reasons given for low participation include lack of knowledge, lack of access to eligibility centers, low benefit rates, stigma, and negative experience or association of dealing with the benefit system.

⁸ Sylvia A. Allegretto, *Basic family budgets: Working families’ incomes often fail to meet living expenses around the U.S.* [article online] (accessed October 15, 2005); available from <http://www.epi.org/content.cfm/bp165>; Internet.

⁹ U.S. Census Bureau, *Percent of People Below Poverty Level in the Past 12 Months* [spreadsheet available] (accessed December 29, 2005); available from <http://www.census.gov/acs/www/Products/Ranking/2000/R01T160.htm>, Internet.

¹⁰ The Brookings Institution, *Growing the Middle Class: Connecting All Miami Dade County Residents to Economic Opportunity*, [pdf available] (accessed October 10, 2005); available from http://www.brookings.edu/urban/pubs/20040607_miami.pdf, Internet

Racial and ethnic disparities must also be recognized and addressed. The poor are disproportionately of African American and Hispanic descent and reflect waves of new immigration. It is widely understood that to make money requires money, and the poor have less access to capital than those who are born into families with existing wealth.

While overall incomes on average have increased, the real value of those incomes has not kept pace with inflation. In fact, young men are now making less in real dollars than their fathers did at their same age.¹¹ We are no longer growing the middle class. The fact that so many wage earners struggle, despite working full time, suggests that the definition of what it means to be middle class needs recalculation. A strong and growing middle class status has long been the basis for our national sense of security and well-being. Economic and social opportunity has made our nation the most hopeful and dynamic place on earth and has created the foundation for a strong democracy.¹²

The impact of this gap between income and expenses is reflected in the slow rate of savings among Americans. The personal savings rate has fallen to almost zero.¹³ Between 25 to 40 percent of U.S. households have little or no wealth or assets. While home ownership rates are at an historic high point, nearly a third of Americans do not own their own home, and many who do have virtually no equity in those homes.¹⁴ Credit cards have become the new safety net for many families struggling on the edge of a middle class lifestyle. We are a nation of debtors, while poverty, according to most experts, needs to be measured in assets, not income alone. Americans now owe nearly \$800 billion in credit card debt, nearly triple the amount in 1989. Homeowners cashed out \$333 billion in home equity between 2001 and 2003, often to pay credit card bills, and often to cover basic living expenses.¹⁵ Thus, for many, debt is leading to a decrease in assets made possible in the short term by the growing value of their homes. This

¹¹ Daniel P. McMurrer and others, *Intergenerational Mobility in the United States*, The Urban Institute , (May 1, 1997) 1; as referenced in David Callahan and others, *Millions to the Middle: Three Strategies to Expand the Middle Class* [pdf available online] (accessed October 28,2005); available from http://www.demos.org/pubs/millions_web.pdf; Internet.

¹² David Callahan and others, *Millions to the Middle: Three Strategies to Expand the Middle Class* [pdf available online] (accessed October 28,2005); available from http://www.demos.org/pubs/millions_web.pdf; Internet.

¹³ "Savings Rate Falls to Almost Zero," Los Angeles Times, 3 August, 2005, sec. C, p. 1.

¹⁴ David Callahan and others, *Millions to the Middle: Three Strategies to Expand the Middle Class* [pdf available online] (accessed October 28,2005); available from http://www.demos.org/pubs/millions_web.pdf; Internet.

¹⁵ DEMOS, *The Plastic Safety Net: The Reality Behind Debt in America* [pdf available] (accessed October 25, 2005); available from http://www.demos.org/pubs/PSN_low.pdf, Internet.

stop-gap measure, borrowing against home equity, is not expected to continue indefinitely as the housing bubble will eventually burst. Bankruptcy filings had recently tripled due to the impending changes in federal restrictions on who may file.¹⁶ It is not yet known how these changes will affect those living on the edge.

Decreases in the availability of workplace benefits contribute to poverty, as medical costs skyrocket and even insurance coverage shifts more of the burden to the employee. Fewer than 60% of workers nationwide now receive access to health insurance through their jobs.¹⁷ Medical debt is the most frequent cause of personal bankruptcy. Employees without insurance tend to receive less preventive and primary care, burdening the publicly supported emergency care system and contributing to public health hazards. Increasingly, low-wage workers lack access to sick, vacation and holiday leave, making them extremely vulnerable in cases of bad health or personal emergency. Nationally 57% of private sector workers, 59 million workers in total, do not have paid sick leave for themselves, and 86 million have no paid sick days to care for sick children. Florida rates a D- score according to the National Partnership for Women and Families in its support for employees' leave, with no state laws governing private sector employers' access to leave time.¹⁸

Finally, the cost of higher education has steadily increased beyond the rate of inflation, while the real value of public subsidy has decreased, making access to post secondary education and training outside the reach of many families. In the 2001-02 academic year, over 400,000 college qualified high school graduates from low and moderate-income families did not enroll in four-year college, and 168,000 did not enroll in any college.¹⁹ Thus, the major vehicle for upward mobility in our country, access to higher education, has been compromised for many, contributing to a decrease in the rate at which people move into higher income brackets.

¹⁶ Jeanne Sahadi, *The new bankruptcy law and you: What you should know about the law, which will make it tougher for consumers to clear their debts*, [article available online] (accessed December 30, 2005); available from http://money.cnn.com/2005/10/17/pf/debt/bankruptcy_law/, Internet.

¹⁷ The Kaiser Family Foundation – and – Health Research and Educational Trust, *Employer Health Benefits 2005 Annual Survey: Summary of Findings*, [pdf available online] (accessed December 30, 2005); available from <http://www.kff.org/insurance/7315/sections/upload/7316.pdf>, Internet.

¹⁸ Jodi Grant and others, *Expecting Better: A State-by-State Analysis of Parental Leave Programs*, [pdf available online] (accessed December 30, 2005); available from <http://www.nationalpartnership.org/portals/p3/library/PaidLeave/ParentalLeaveReportMay05.pdf>, Internet.

¹⁹ David Callahan and others, *Millions to the Middle: Three Strategies to Expand the Middle Class* [pdf available online] (accessed October 28, 2005); available from http://www.demos.org/pubs/millions_web.pdf; Internet.

All of these trends point to following conclusions: the rate of poverty (in real terms) is increasing along with the cost of living, as incomes are not keeping pace; debt is rising and assets are being depleted; educational opportunity is declining and better paid jobs with benefits are becoming more the exception rather than the rule. As we look to the role that nonprofits play in addressing issues of poverty, it is important to realize that the odds in favor of poverty alleviation are not good and they are growing worse. However, despite the many challenges facing the field, numerous effective programs already exist both within the state and around the country. Florida can do much more to help beat the odds.

IV. How Do Human Service Nonprofits and Government Interface?

The relationship of human service nonprofits and government is complex and multifaceted. The traditional nonprofit roles and mandates may now be undermined by a combination of over reliance on government funding and increased competition with the for-profit sector for the potentially profitable components of the government service contracts.

Government increasingly has relied upon the nonprofit sector to fulfill government mandates. Many human service nonprofits in turn have become reliant upon government funds for survival. What made sense at one point for human service nonprofits, to supplement charitable dollars with specific government contracts for discrete services, has become the tail that wags the dog, dominating many agencies' funding mix. Such agencies may find that they have become primarily responsive to funders, rather than to the public or specific community they serve. The very essence of their "nonprofit-ness" may be at risk, and the rationale for their tax exemption and charitable investment might now be suspect.

As governments seek ways to downsize and accelerate cuts to human service budgets, pressure to cut unit costs increases, leading to the "profitization" of the services. Nonprofits now increasingly experience competition with for-profit entities for the services that many have provided for decades. For-profit entities are also entering the market for newly privatized government services such as economic benefits eligibility screening and applications processing. Thus, the nonprofit sector's more humane approach to service delivery, characterized by willingness to provide uncompensated care where needed (supplemented with

private charitable dollars) and interface with the community has now been compromised as a result of competition.

For-profit entities are motivated not by public good but by their profit. Thus their modus operandi is to service those most likely to succeed, and service contracts are structured that way when they have an opportunity to influence the contracting process. Welfare reform contracts in Florida, for example, were structured to provide almost full payment upon initial job placement, with very little remaining incentive for longer-term job retention, increased earnings or family stabilization.

The nonprofit human service sector is increasingly left to care for the harder-to-serve, as the for-profit sector discovers the profit to be made in the service arena. Funding for this residual charitable purpose is decreasingly likely to come from government coffers. Discretionary domestic spending has already declined at the federal levels, and the increasing costs of healthcare and the Medicaid burden on states is contributing to a decrease in state funding as well, even as state budgets recover in the short term. New federal budget pressures from the cost of Katrina recovery efforts and the continuing war in Iraq, will inevitably lead to further deep cuts in discretionary social spending as well as entitlement programs.

The very essence of “nonprofit-ness” is the delivery of a charitable purpose, so governments should be wary of allowing nonprofits to function without demonstration of this public benefit. Nonprofits also need to carefully consider what can be compromised in terms of charitable mission to meet the ever-increasing focus on efficiency and outputs demanded by the government dollar. Best practice approaches suggest that human service nonprofits can and should use this increased pressure from loss of government funding to reassert their missions and create new value for the sector and society. Nonprofits and for-profits need to explore vehicles for collaboration that allow each to do what they do best, while working together to promote the adequacy of the services and the funding streams.

V. Best Practices: what practices hold the most promise for addressing poverty?

Poverty has always been a part of our society, and there have always been community efforts to address and alleviate it. There is a general recognition that certain conditions justify emergency relief, such as need for basic food, shelter

and medical care, and that a civilized society cares for its most vulnerable. There is also an understanding, as old as our civilization, that the root causes of poverty must also be addressed, if we are to create lasting change. Thus the old biblical adage, to feed a man a fish versus to teach a man to fish, very much undergirds our societal response to poverty today. Feeding people the proverbial fish is no simple feat, and requires a greater orchestration of public and private resources and ingenuity. Teaching the poor how to fish has proven even more challenging. To be effective in our poverty alleviation work, we must address root causes of the economic disparity (see Definition of Poverty above), such as educational opportunity, personal savings and access to capital, and access to basic healthcare.

The Brookings Institution's 2004 Report, entitled "Growing the Middle Class," provided guidance for Miami Dade and its "Community Prosperity Initiative"--Imagine Miami--that is applicable to other communities as well. To address poverty effectively, we must essentially reinvent the sense of community that existed prior to the advent of government categorical funding approaches to the delivery of human services.

We will use the Brookings Institution framework's five puzzle pieces to describe effective strategies for addressing poverty from an economic and community perspective, while focusing on those areas that are traditionally the domain of the human service nonprofit sector. We will then provide a special section on dealing with disaster recovery and other emergencies, as the human service nonprofit sector plays a critical role in this growing field.

Another approach to the field of poverty alleviation, that proposed by the National Center for Children in Poverty, provides for an examination and recommendation for the same underlying factors: stable and predictable income; savings and assets for survival and the future; human and social capital (e.g. education, skills and support systems). NCCP points out that the more income a family has, the better their children will do academically, socially and physically. Children who live below 200% of the federal poverty guidelines (approximately equivalent to a real self sufficiency measure, see Definition of Poverty, above) have substantially higher risk for health and well-being throughout their lifetimes.²⁰

²⁰ Elizabeth T. Gershoff, *Low Income and the Development of America's Kindergartners*, [pdf available] (accessed October 20, 2005); available from <http://www.nccp.org/media/lat03d-text.pdf>, Internet.

We will address the following five topics (the first four draw from The Brookings Institution report):

- Develop an educated skilled work force
- Improve access to quality jobs
- Make work pay
- Help families build assets
- Build quality neighborhoods
- Build effective disaster and emergency care systems

Develop an Educated Skilled Work force

Education is the pathway to higher skills and hence better pay, which in turn plays a critical role in lifting people out of poverty. Florida can do much to close the skills gap by focusing on higher education and work force education. In 2002, Florida was rated D in a national study of college completion, with only 28% of those finishing high school enrolling in higher education within four years of graduation.²¹ One reason for this low score may be the high cost of post secondary education in Florida, with the price of private four-year college tuition at 62% of the average Florida family's income, as compared to only 32% in the highest rated states.²²

Human service nonprofits have not played a large role in promoting access to higher education, but this gap and challenge suggests that more might be done using human service approaches such as outreach, application assistance, peer support, and targeted scholarships. Government sponsored programs such as Florida's Bright Futures and Take Stock in Children Programs are exemplary and effective, and could be expanded to assure that those who are least able to afford college, but are college ready, are supported to participate. Special outreach to those who start but do not complete college could also produce good results by addressing barriers to continued enrollment such as income support. Privately funded nonprofit examples include the I Have a Dream Foundation, which creates early incentives for children to stay in school with the promise of college

²¹ The National Center for Public Policy and Higher Education, *Measuring Up 2002: The State-by-State Report Card for Higher Education*, [spreadsheet online] (accessed October 20, 2005); available at <http://measuringup.highereducation.org/stateProfileNet.cfm?myyear=2002&stateName=Florida>, Internet.

²² The National Center for Public Policy and Higher Education, *Measuring Up: The National Report Card on Higher Education: State Profiles: (Florida, 2002)*, [spreadsheet online] (accessed December 30, 2005); available at <http://measuringup.highereducation.org/stateProfileNet.cfm?myYear=2002&statename=Florida&cat=AFF>, Internet.

tuition provided to high school graduates. Miami Dade College, the largest college in the nation that focuses primarily on its two-year degree programs, has an exemplary track record for assisting low and moderate income individuals to start on the pathway to higher education. A substantial investment is made by the College to support those high school graduates who are not truly college ready with the availability of significant remediation programs. A relatively high rate of two year degree recipients move on to four year programs, a record which needs to be better understood to be enhanced and replicated.

College completion is dependent upon laying a sound educational predicate that prepares children to learn and creates the desire for lifelong learning. It has been well established that quality early childhood education has a lasting impact on educational achievement. The famous Perry Preschool Study demonstrated the value of the Head Start program that includes parental involvement and attention to holistic child development. Florida has taken a large step in funding a universal pre-kindergarten program, and human service nonprofits could play a more active role in supporting enrollment and participation in these programs. Florida might also consider investing additionally in earlier preschool education, such as Head Start, supplementing the federal commitment to these programs to make quality programming available to more children. Human service nonprofits can incorporate more of the principles of these programs in their traditional service delivery, which could be financially incentivized by the state.

Improve Access to Quality Jobs

The most basic pathway out of poverty is a decent wage. Formidable barriers may exist for those living on the edge to get to the jobs that will lead to an adequate income. Transportation, the most basic access challenge, is a key factor in job placement and retention. Florida's public transportation infrastructure is not strong, and cars are a necessary support for most of the work force. With the rising price of fuel, cars are placed further out of the reach of our lowest paid employees, compromising their ability to get to work and the employers' assurance of a reliable work force. Increasingly workers commute long distances to jobs, traveling outside the county of residence, suggesting that a regional focus on transportation and the work force is vital to meeting employment needs.

Governments operate commuter support programs such as ride share and pooled van service. Nonprofit organizations have not played a large role in addressing this growing transportation need. A relatively small infrastructure of

job support programs funded through the state work force system increasingly focus on those deemed most likely to benefit from short term interventions. Work force intermediaries around the country that provide longer term support for the low income work force are including transportation as a required support service. Vouchers for public transit, grants for car repair, and employment shuttle service are all possible solutions that can be included in human service work force programs. Work force intermediaries can provide other vital support services to help employees get to work, including access to healthcare, childcare, skills training, and family counseling. Florida's work force system can be assessed to determine if these barriers to work are being adequately addressed through a comprehensive intermediary system, or if we are missing opportunities to create a strong infrastructure that supports worker and employer needs. More can be done to involve area employers in designing the kinds of work supports and training programs that will meet their current and expansion needs.

Most human service nonprofits have not traditionally engaged in the work force service arena. Government can promote partnerships of traditional work force providers with other human service nonprofits to assure that the "wrap around" service needs of the client are met, to better assure maximum productivity and enhance advancement and opportunity. Greater flexibility in local work force budgets and targets will support regional work force boards to design programs that put more people to work at better jobs for longer periods. Stronger interface with the economic development agencies will build stronger partnerships with employers. Human service nonprofits can play a critical role to better support the work force in ways that will lead to better job performance and greater employer satisfaction and investment in work force programs. These agencies can also help monitor the quality of the job training and placement programs, creating an accountability loop that assures work force dollars are appropriately allocated.

Make Work Pay

"Make work pay" means that people should be able to provide for their basic needs if they work full-time. Government economic benefit programs exist to supplement low wages and help families meet a minimal cost of living. These programs were created to help stabilize the work force for the benefit of the employer as well as the employee. Organizations such as the national Corporate Voices for Working Families (an outgrowth of a highly successful worker

support program initiated at Marriott Corporation) promote full utilization of these programs as a way to stabilize the work force, decreasing turnover and absenteeism and increasing productivity.²³

The federal government has provided a variety of economic benefits programs, many requiring state matching funds, which have increasingly “devolved” to state level control. Significant federal tax dollars flow to states for the implementation of these programs along with significant federal regulation. Medicaid and Temporary Assistance to Needy Families (TANF)—the former Aid to Families with Dependent Children (AFDC) or “welfare”—are two such programs, and receipt of federal dollars provides great economic incentive for states to participate. The Earned Income Tax Credit (EITC), administered by the IRS, provides the largest transfer of federal tax dollars to the state, followed by the Food Stamps program, but neither of these programs requires state match, and only Food Stamps provides for state options and controls.

In addition to the major economic benefits programs, a patchwork quilt of basic needs programs for the vulnerable have been provided through a largely undefined partnership between government and the voluntary sector. Feeding programs and emergency shelter programs were traditionally the purview of the private philanthropic sector (including the faith community), but recently enacted dedicated tax sources (including some utilizing primarily state dollars) have provided for an array of shelter programs for the homeless, victims of domestic violence and other discrete populations. The federal government has had a long standing commitment to the sheltering needs of children at risk of abuse or neglect, matched by state dollars, in partnership with the nonprofit human service community. Unemployment compensation programs exist to protect workers from downturns in the economy and other job losses. This is a state run effort that comprises a vital safety net service yet is underutilized. Human service nonprofits could be trained in all these programs and incorporate screenings and referrals into their service mix.

Human service nonprofits have only recently entered into the economic benefits arena, and have not previously played a significant role in the delivery of this service. Little incentive existed to assure that those eligible received these services. It was assumed that the eligible would find their way to the

²³ Dara Mayers, Ford Foundation Report: Summer 2003, *Out of Balance*, [article online] (accessed December 30, 2005); available from http://www.fordfound.org/publications/ff_report/view_ff_report_detail.cfm?report_index=418; Internet.

government service centers, and states were not awarded for increasing caseloads, only penalized for errors in the qualification process. Thus, prior to the advent of this human service innovation, participation rates in programs such as the Earned Income Tax Credit and Food Stamps have been at or below 50% in many Florida communities.

An innovative approach developed in the human service nonprofit sector has reversed the movement towards declining caseloads (occasioned by “welfare reform” and the difficulty for working people to access benefits). “Prosperity campaigns” assure that low-wage workers learn about economic benefits through their workplace, houses of worship, community centers or neighborhood service centers.²⁴ Government and business have recognized the substantial benefit to the economy, the workers and area businesses, of supplementing low wages. Federal tax dollars flow to the state through these outreach and enrollment campaigns, supporting “revenue maximization,” with dollars being spent in the local economy created a multiplier effect up to four times the face value of the benefit.²⁵ “Bundling” of benefits (linking one application process with numerous programs) and co-location of services in a “one stop” center approach, also reduces barriers to participation and creates efficiencies and economies of scale that are attractive to governments in an era of reduced administrative funding and loosening of federal regulation.²⁶ A Miami resident was able to utilize a “one stop” center to not only have a free tax return completed but also to enroll in a financial education course that improved his economic stability.

These program models have been recognized around the nation and are being evaluated by national funders eager to share innovative and effective strategies for poverty alleviation. Florida is an early adopter, with human service nonprofit ingenuity paving the way, and government agencies joining to provide the large

²⁴ The Human Services Coalition developed the Prosperity Campaign in Miami Dade County by bundling economic benefits and making the application process accessible and personal. Working in partnership with employers, the United Way and others, the Prosperity Campaign is demonstrating the value of these economic benefits programs to the society at large. Other similar programs around Florida have also been very successful in increasing the rate at which low and moderate income workers file for the Earned Income Tax Credit.

²⁵ Priya Sampath, *Penny Wise & Pound Foolish: Why Cuts to Medicaid Hurt Florida's Economy* (Treasure Coast CHJAIN: 2003).

²⁶ David Hage, *Purgatory of the Working Poor*, [article online] (accessed December 29, 2005); available from <http://www.prospect.org/web/page.www?section=root&name=ViewPrint&articleId=8351>, Internet.

-scale sustainability needed to increase impact. The state legislature has yet to recognize and reward this effective model, but it is hoped that legislation can be approved this session that will support program replication and enhancement. Indeed, access to basic economic benefits programs could be made available as an ancillary part of any human service nonprofit agency, increasing the likelihood of participation and access to vital income support.

The state might also consider whether investments of state dollars in economic benefits programs might be warranted to address our high poverty rates. So, for example, many states and localities have implemented their own earned income tax credits to further reward those who go to work. In Florida, without a state income tax system, one method under exploration is to add a state reward to all those who receive the federal EITC. Federal TANF dollars may also be used for this purpose. Another program under consideration is the expansion of the KidCare program for more immigrant children who would otherwise not qualify based upon the federal guidelines.

Three states provide replacement programs for immigrants who lost eligibility for three major federal benefits programs in the 1996 Welfare Reform legislation, Food Stamps, TANF and Supplemental Security Income/SSI (California, Maine and Nebraska). Fifteen more states replace some of these programs with state funds. Florida is among the thirty-three states that has not created any replacement programs for this population, despite the high percent of affected individuals in the population. Looking just at the child population, 58% of children in Florida born to immigrant parents live in poverty, as compared to 27% of those from parents born in this country.²⁷

Human service nonprofits can play a critical role in getting out the word about state programs as well as the traditional federally sponsored programs. Bundling of the state programs as part of prosperity campaigns is a proven, effective strategy.

Help Families Build Assets

Income alone does not lift people from poverty, as job loss or other setbacks leave low and moderate-income families vulnerable. Homeownership is the

²⁷ Kinsey A. Dinan, *State Policies Can Promote Immigrant Children's Economic Security*, [pdf available] (accessed October 20, 2005); available from http://www.nccp.org/media/spc05_text.pdf, Internet.

most frequent and most reliable form of building wealth, and promoting home ownership is one key strategy for poverty alleviation. Other effective strategies include credit repair, linkages to banking and other financial services, basic financial education, and matched savings programs (Individual Development Accounts, or "IDAs") that support specific investments in business development, college tuition, home or car purchase.

The rate of asset accumulation is particularly low for African Americans, Hispanics and recent immigrants, even beyond their rates of poverty based upon income. Many are not ready for homeownership as they do not have established relationships with financial institutions, a prerequisite to obtaining a mortgage, or have bad credit resulting from the inability to make ends meet on income alone. Others are suspicious of financial institutions and leery of participating in formal savings programs.

Since human service nonprofits have not traditionally been involved in linking low-wage workers to economic benefits, most are not familiar with asset building strategies. The community development corporations (CDC's) that serve as housing and commercial property developers for low and moderate income communities more typically support these wealth building strategies but too often lack proficiency in related human service programs. Partnerships of CDC's and human service nonprofits could lead to a more comprehensive approach to meet the needs of low income Floridians. Partnerships of both groups with financial institutions can help pave the way for more low and moderate income households to become "banked" and ready for asset accumulation. Then receipt of economic benefits, such as the lump sum Earned Income Tax Credit, can be leveraged as the basis for beginning savings plans, building a pathway to prosperity.

Florida has not fully developed its IDA program that could be enhanced with existing resources such as federal work force development and TANF dollars. Human service nonprofits can be supported to work with their clientele to understand the availability of such programs, and to provide longer-term counseling that will help families begin to save and build assets. CDC's and housing counseling agencies are not typically prepared to offer this longer-term assistance to overcome numerous psychological and cultural barriers to savings. Working together with human service nonprofits, they can help overcome cultural barriers to use of traditional financial institutions by using peer support systems and other non-traditional service approaches.

Build Quality Neighborhoods

Strong neighborhoods are characterized by a constellation of factors including basic safety, adequacy of recreational space, healthy environment, quality schools, opportunities to engage in civic life, sense of place, cohesion and sense of caring and connectivity. While we know that adequate housing is a fundamental building block and integrally linked to the other components, it has too often been pursued separately from the other components. The Brookings Institution observes that affordable housing policy should include the availability of adequate housing across the income spectrum, promoting racial and economic diversity to ensure that poor and minority households are not isolated from social, educational and economic opportunities. In addition, housing should be accessible to essential supportive services such as healthcare, and to additional services for families who need extra help, such as the disabled, elders and homeless.²⁸

Reduction in segregation leads to improved social outcomes.²⁹ Integration should not be accomplished at the expense of cultural diversity and pride, a heritage that enriches all residents and creates a stronger geographic identity that attracts visitors and newcomers as well. State policy can promote such mixed income approaches to neighborhoods, and the connectivity to essential services. Human service nonprofits can play key roles in identifying services, connecting families to services, and advocating for services that are needed for community well-being.

Early in our nation's history, human service delivery first comprised multi-service "settlement house" approaches to meeting community needs. Residents were provided access to a range of family strengthening and basic services and played a role in shaping the agency's policies and service mix. For many immigrants aided by such service organizations, they provided an introduction to American civic life as well as to basic family functioning. Human service nonprofits are again discovering that the creation of neighborhood based comprehensive service agencies can provide the best support for needy families and individuals. Low-income families could spend all their time pursuing human services, limiting their ability to provide for themselves economically.

²⁸ The Brookings Institution, *Growing the Middle Class: Connecting All Miami Dade County Residents to Economic Opportunity*, [pdf available] (accessed October 10, 2005); available from http://www.brookings.edu/urban/pubs/20040607_miami.pdf, Internet.

²⁹ David Cutler and Edward Glaeser, "Are Ghettos Good or Bad?", *Quarterly Journal of Economics* 112, no. 3 (August 1997): 827-872.

The comprehensive approach simplifies access and assures greater participation in valuable supportive services that leads to greater engagement of residents in their communities and an increased drive to enhance civic life.

Build Effective Disaster and Emergency Care Systems

Post Hurricane Katrina relief efforts have exposed the weakness of community response structures in the affected areas. Many observers have called for a strengthening of the human service nonprofit infrastructure, as it has become clear that our dominant disaster relief providers, FEMA and the Red Cross, had insufficient capacity to handle this large-scale disaster. Local groups are needed to bolster national systems and create service connectivity: creation of a locally-driven coordination committee, development of area service inventory, avoidance of service duplication, frequent interagency communication and implementation of evaluation systems. These local networks can also play a key role in advocating for the needs of those affected by the disaster.

Many have also recognized that those most affected by poverty, pre and post major disasters, have lacked a place at the decision-making table. Civic participation and creation of strong civic infrastructure are essential building blocks for addressing pre and post disasters. Katrina has created the awareness that both human service and civic infrastructures were weak in New Orleans. Florida can learn from these lessons and ready itself for the inevitable larger scale disasters in our future. Building “resilience” is a newly enunciated standard, and one that Florida can readily address through support of its human service nonprofit and civic structures. While the latter might not seem on its face to address poverty alleviation, it is one that can go a long way in creating resilient communities that will be less dependent upon outside support and better able to meet the needs of its residents. Thus, Florida investments in both infrastructures can be designed to lead to long-term poverty alleviation.

VI. Restoring Trust in Government: New Partnership between Government and the Human Service Nonprofit Sector

The human service nonprofit sector, one will hopefully conclude, plays a vital role not just in poverty alleviation but also in positioning Florida to achieve its

full potential as a place to visit, invest, work and call home. Government in general, not just in Florida, has lost significant public trust through its poor system of accountability and failure to follow through on stated commitments. A new partnership with the human service nonprofit sector can be a key ingredient in its renaissance. To make the most of this partnership, government must not only invest in the successful programs that human service nonprofits provide to the public, but it must also help to deliver these programs in a way that will build the strength of the sector.

While accountability for use of government dollars is critical, so is investment in capacity building for the sector. Typical payment methods for service delivery require a nonprofit to expend the dollars prior to reimbursement, with little or no capital available for program development or start up. Many of the best human service nonprofit organizations cannot assume the risk of these delayed payments without the access to capital that their for-profit counterparts can more readily obtain. The state could designate certain nonprofits as worthy of more flexible payment methods, based upon service track records or other good references. In addition, the state could determine that it is worthwhile to fund program design and development rather than always seeking to reimburse the service systems already in place. These investments will assure greater innovation, creativity and flexibility, encouraging nonprofits to design programs based upon the lessons they are learning from the communities they serve. One specific example involves work force programs, which are not eligible for program development dollars from the state, making it difficult for nonprofits to train and prepare clients for new job opportunities that require a new type of training program.

Government will hopefully recognize that the large variation in human service nonprofits is desirable and effective, but that government policies can do more to promote collaboration among those in the sector building upon their respective strengths. Thus a larger, more stable organization should be encouraged to partner with smaller, more community based programs to better relate to residents of a particular community and to stay closer to mission. Smaller organizations in turn might be encouraged to seek more stable funding partners rather than to expose themselves to the difficulties of operating a state program with more stringent reporting and accountability requirements. Community development corporations with expertise in building structures might be incentivized by the state to work with human service nonprofits better able to provide the longer term psychological support needed to work with new

immigrants or others unfamiliar and untrusting of traditional financial institutions.

Policy research, advocacy and civic engagement are all desirable and valuable components of human service nonprofit organizations' program mix. Florida government can welcome and encourage these components as they enrich individual communities and contribute to the thoughtful and effective discharge of government programs and policies. Government can welcome the input that residents and their service providers bring to the table of decision-making. They can embrace the increased engagement of residents in civic life, enriching the process for the benefit of all. Numerous human service nonprofits are now playing a larger role in analyzing and addressing the causes and cures of poverty, and government will do well to listen.

As federal dollars for social programs are reduced, human service nonprofits will need to learn new skills to survive. It behooves state government to support these agencies to develop the new skill sets and to seek the partnerships that will turn their strengths into complementary assets in a more bottom line approach to addressing poverty and work force needs of the future. Cuts in discretionary federal programs will have the largest impact on state governments as they pass on the cuts to service providers at the local level, who in turn will be seeking to meet the needs of our residents in a changing economy. Government can partner with nonprofits to understand how to mitigate the harms of such cuts and maximize the investment of the remaining dollars.

Government will receive the credit if it can work creatively in partnership with the human service nonprofit sector for the benefit of all Florida residents. As the middle class lose their higher paid jobs and employer provided benefits, they will turn to the human service nonprofit sector for aid. The closer the government is seen working in alignment with the nonprofit sector, the more the government will be viewed as reaching out to the population in need with greater compassion and creativity. This is the formula for poverty alleviation and for the long term strengthening of Florida's economy and communities.

VII. Conclusion

The nonprofit or third sector is an increasingly significant part of our economy, and should not be viewed merely as government's stepchild, left to perform difficult public functions with a shrinking pot of money. Government should see

its long term trajectory as intimately linked with the human service nonprofit sector and seek investment strategies that will enhance the level and effectiveness of the services provided as well as build the capacity of the sector to respond with creativity and agility to new challenges as they arise in a global era. No state has yet to demonstrate that it has figured out the best formula for partnership, and Florida is ahead of the curve in asking the strategic questions. Hopefully this article has provided some guidance for how Florida can maximize the relationship and thereby maximize the state's future.

Report prepared by Daniella Levine, JD, MSW, Founder and Executive Director of the Human Services Coalition, 260 NE 17th Terrace, Suite 200, Miami, Florida, 33132, www.hscdade.org, (305) 576-5001 ext. 19, daniellaL@hscdade.org.